



May 15th, 2018

To: House Energy Committee Members

RE: Testimony in support of HB 5861, 5862, 5863, 5864, and 5865 (Energy Freedom Package)

Dear Committee Members,

Thank you for the opportunity to comment in support of the energy freedom bill package, which would eliminate barriers to distributed generation. The Michigan Environmental Council (MEC) is a coalition of over 65 environmental, conservation, and faith-based groups located across the state of Michigan. We have significant expertise and a long history of involvement in discussion around energy policy in Michigan, including playing an active role in the 2016 rewrite of Michigan's energy laws.

As the cost of solar declines more Michigan residents and businesses are looking to solar installations as a means of decreasing their energy costs and reducing their greenhouse gas emissions. In fact a recent poll commissioned by VoteSolar found that more than 80 percent of Michigan voters say they want more solar energy. Because Michigan has a strong base in solar manufacturing jobs in the solar industry in Michigan is one of the biggest areas of growth in our clean energy economy. The 2017 Clean Jobs Midwest report pegged the number of jobs in the solar industry in Michigan at 5,672 currently with lots of room to grow further. Michigan receives average rates of sunlight above four peak sun-hours per day, and as much as six peak sun-hours during the summer. Finally, Michigan's high average retail rate of \$0.14/kWh makes solar power a sound investment.

But despite the popularity of solar and the fact that Michigan has some of the highest residential utility rates in the country, only just over 2,500 people in Michigan are enrolled in net metering and Michigan ranks 32nd in the nation for installed solar.

In Michigan there are a number of barriers that hinder the ability of Michigan residents and businesses to self generate. Those barriers include:

- We have one of the lowest caps in the nation on participation in our distributed generation program. Participation in a utility's DG program is arbitrarily capped at 1 percent of a utility's 5 year average in-state peak load and of that 1 percent only 0.5 percent is open to customers with a DG system of 20 kW or less. We have already hit the cap in UPPCO's territory.
- There is no enabling legislation for community solar, so by and large community solar options are not available to customers. Community solar programs allow customers, non-profits, businesses and others to subscribe to an off-site solar installation and receive a bill credit for that generation proportional to their subscription amount. Without community solar opportunities many people

who cannot or do not want to install rooftop solar are effectively locked out of DG and out of any energy savings accrued through DG.

- We have an uneven patchwork of property tax treatment for rooftop solar and in some parts of Michigan property taxes increase significantly when a homeowner installs rooftop solar. We also lack in state level rebates or tax credits for small scale solar.
- If you have solar panels and the power goes out those panels might still be generating energy, but you can't access that energy because you are still interconnected with the main grid. We haven't started the process of deploying microgrids that allow customers who have self-generation to separate or "island" off the main grid when the power goes out and continue to use the energy their systems are producing. Microgrids would allow us to take full advantage of the grid resiliency benefits of distributed generation and help critical facilities like hospitals and emergency centers continue to keep the lights on in a power outage.
- True net metering for systems of 20 kW or less was the one beneficial program Michigan offered that helped enable businesses and homeowners to make the upfront investment in small-scale self generation. Now Michigan is dismantling net metering- our one successful incentive for self generation- and moving to a tariff that isn't cost of service based and won't fairly compensate distributed generation customers for the benefits they bring to the grid.
- Michigan's current system of modified net metering for systems over 20 kW is an unattractive reimbursement rate and discourages installation of larger self generation systems. The credit for net excess generation under modified net metering is restricted to the average locational marginal price or the power supply component of the full retail rate. Businesses in particular are hardest hit by this disincentive because they are the ones looking at investing in larger system.

The bipartisan energy freedom package would address almost all of these barriers. We should not need legislation to allow cheap renewable self generation to compete with utility owned generation, but because these barriers place small scale self generation on an uneven playing field, we do. We urge members of the House Energy Committee to support the energy freedom package and increase access for Michigan residents and businesses to renewable energy self generation.

Sincerely,

Charlotte Jameson  
Energy Policy and Legislative Affairs Director  
Michigan Environmental Council